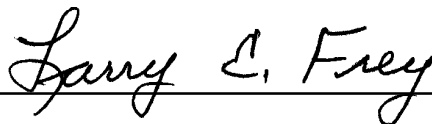


For: County Offices

Graduation of Group-Type Loans

Approved By: State Executive Director

LEF:LEV:lv



1 Overview

A

Background

Farm Service agency's (FSA's) graduation requirements apply to group-type loans as well as loans made under the Agency's regular Farm Loan Programs (FLP). Graduation requirements and procedures for group-type loans are found in FSA Instruction 1951-F.

B

Purpose

The purpose of this Oregon Notice is to:

- replace expired Oregon Notice FLP-84
- require District Directors to determine the financial status of presently indebted FSA borrowers who now hold Indian Tribal Land Acquisition Program (ITLAP), Grazing Association, and Recreation Loans
- require that a determination be made concerning the eligibility of ITLAP, Grazing Association, and Recreation Loans to graduate to other credit as required by FmHA Instruction 1951-F
- ensure that reserve accounts are being properly maintained for those entities for which it is a requirement.

C

Contacts

If questions arise concerning this Oregon Notice or the graduation review process, please contact your FLM, or the FLP section in the STO.

FILING: Preceding FSA Handbook 6-FLP and FmHA Instruction 1951-F

Disposal

Distribution

October 1, 2003

STO, DD, COR, COC, COF - Including Farm Loan Programs

03-03-03

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2 Action

A

Graduation Review Requirements

District Directors are responsible for:

- participating with Farm Loan Managers (FLMs), Farm Loan Officers (FLOs), and County Executive Directors (CEDs) in meetings with lenders to discuss their underwriting criteria and assess their interest in refinancing ITLAP, Grazing Association, Recreation Loans, and other types of FLP loans

Note: Contacts and discussions with lenders will be documented in each COF's FLP 16-4 (1951-F) Operational File.

- identifying, with the assistance of FLMs and CEDs, the commercial lenders willing to participate in the graduation review and the information needed to accomplish this action
- assuring that at least the most recent financial statement and cash flow statement are requested from each borrower, and monitoring the follow-up on each request to assure that it is provided
- reviewing cases for acceleration and foreclosure according to Section 1951.264 of FmHA Instruction 1951-F for those borrowers who are eligible for graduation, but refuse to attempt to graduate
- completing a report on graduation activities by listing the name of the borrower and action taken to graduate to commercial credit or other sources
- sending the report on graduation activities to the Farm Loan Chief in the STO by August 31, 2003.

B

Reserve Requirement

District Directors, with the assistance of FLMs and CEDs, will determine and document whether those entities which request a release of reserve account funds have, in fact, met the requirements outlined in Paragraph 42 of FSA Handbook 6-FLP for loans to Indian tribes and tribal corporations.

Any reserve account deficiencies will be included in the graduation activity report submitted to the Farm Loan Chief in the STO.